

AMENDED IN SENATE APRIL 21, 2005

SENATE BILL

No. 1112

Introduced by Committee on Business, Professions and Economic Development (Senators Figueroa (Chair), Aanestad, Campbell, Florez, Morrow, Murray, and Simitian)

March 30, 2005

An act to amend Sections 5515, 7011.4, 7028.13, 7071.6, 7071.11, 7071.12, 7073, 7085, 7085.5, 7110.5, and 7145.5 of, and to repeal and add Section 7071.15 of, the Business and Professions Code, ~~to amend Sections 94739 and 94931 of, to add Sections 94742.2 and 94781 to, and to repeal Section 94742.3 of, the Education Code,~~ and to amend Section 19830 of the Health and Safety Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1112, as amended, Committee on Business, Professions and Economic Development. Contractors: ~~private postsecondary education.~~

(1) Existing law provides for the licensing and regulation of architects by the California Architects Board in the Department of Consumer Affairs. Existing law provides that appointments to the board expire on June 1 of the 4th year following the year in which the previous term expired.

This bill would instead provide that board appointments expire on June 30 of the 4th year following the year in which the previous term expired.

(2) Existing law, the Contractors' State License Law, provides for the licensing and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Existing law requires cities and counties that require issuance of a permit as a

condition precedent to the construction, alteration, improvement, demolition, or repair of a building or structure to give specified notices. Existing law creates an enforcement unit within the board, and specifies that employees of the unit are not peace officers and are not entitled to safety member retirement benefits.

This bill would revise the above notice requirement to conform with certain provisions of existing law. The bill would delete the provision specifying that employees of the enforcement unit are not entitled to safety member retirement benefits.

Existing law establishes an arbitration process administered by the board to resolve disputes between contractors and consumers. Existing law authorizes the registrar of contractors, after investigating complaints and finding possible violations, to refer the alleged violation and complaint to arbitration if damages are more than \$7,500, and if certain other conditions are met. Existing law requires an arbitrator to establish the extent of, and a schedule for, discovery in a contracting dispute arbitration.

This bill would instead require that, for referral to arbitration, the damages or potential damages be greater than the amount of the licensing bond required. The bill would delete the provisions relative to discovery, and would provide that no formal discovery be conducted in arbitration.

Existing law requires the registrar, upon receipt of a certified copy of the Labor Commissioner's finding of a willful or deliberate violation of certain provisions, to initiate formal disciplinary action against a license within 30 days of notification.

This bill would delete the requirement that the disciplinary action be formal.

Existing law requires an action not to recover wages or fringe benefits against a deposit to be brought within a certain time period after expiration of a license, or after the license was inactivated, cancelled, or revoked. Existing law provides that a deposit in lieu of a bond shall not be released until a complaint is adjudicated.

This bill would also require a claim to recover wages or fringe benefits to be brought within 6 months of discovery of the wage or fringe benefit delinquencies, but not later than 2 years from the date the wage or fringe benefit contributions were due. The bill would provide that legal fees can't be charged by the board against a deposit posted. The bill would delete the provisions that a deposit shall not be released until a complaint is adjudicated and would instead provide

that, if the board receives written notification of a civil action against a deposit, the bond will not be released except as ordered by the court.

Existing law subjects a licensee to suspension or revocation of a license where the licensee fails to maintain a sufficient bond. Existing law authorizes the registrar to refuse to issue, reinstate, reactivate, or renew a license, or to suspend a license, for failure of licensee to resolve all outstanding final liabilities.

This bill would instead suspend a license, without notice from the board, where a licensee fails to maintain a sufficient bond. The bill would also authorize the registrar, in denying licensure, to issue a probationary license, and would enact provisions relating to revocation and renewal of a probationary license. The bill would prohibit a person and any member or personnel of a license subject to suspension from serving as an officer, director, associate, partner, owner, qualifying individual, or personnel of record for another license, and would suspend the license of another renewable licensed entity with any of the same personnel of record that has been assessed an outstanding liability, until the debt is satisfied or the personnel dissociates themselves from the entity.

This bill would make other nonsubstantive changes to the provisions relating to contractors.[PU RN20050873905]

~~(3) Existing law, known as the Private Postsecondary and Vocational Education Reform Act of 1989, until January 1, 2008, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education in the Department of Consumer Affairs, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act.~~

~~An existing provision of the act exempts from the scope of the act institutions that exclusively offer programs costing \$500 or less.~~

~~This bill would delete this provision, and instead provide that an educational service, costing more than \$500, that is offered to assist students to prepare for an examination for licensure, and which meets prescribed conditions, qualifies for registration status, and thus for exemption from some of the regulatory provisions of the act.~~

~~The bill would specify the procedures and standards to be followed under the act by institutions that exclusively offer programs that assist~~

students to prepare for an examination for licensure and that cost less than \$500.

~~An existing provision of the act defines a “short-term education program” as, among other things, an educational service costing a student more than \$500, but not exceeding \$2,000, consisting of 250 or less hours of training, not leading to a degree, and not financed by a federal or state loan or grant.~~

~~The bill would delete the definition of “short-term education program” and replace it with a definition of “short-term seminar training.” Under the bill, “short-term seminar training” would be, among other things, an educational service consisting of 100 hours or less of instruction, the total charge for which is less than \$1,000, and which does not include instruction leading to a degree, instruction financed by a federal or state loan or grant, instruction in how to prepare for, take, or pass a licensing examination or other test qualifying a person for employment, or instruction that is represented to lead to an occupation or job title.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 5515 of the Business and Professions
- 2 Code is amended to read:
- 3 5515. Every person appointed shall serve for four years and
- 4 until the appointment and qualification of his or her successor or
- 5 until one year shall have elapsed since the expiration of the term
- 6 for which he or she was appointed, whichever first occurs.
- 7 No person shall serve as a member of the board for more than
- 8 two consecutive terms.
- 9 Vacancies occurring prior to the expiration of the term shall be
- 10 filled by appointment for the unexpired term.
- 11 Each appointment shall expire on June 30 of the fourth year
- 12 following the year in which the previous term expired.
- 13 The Governor shall appoint three of the public members and
- 14 the five licensed members qualified as provided in Section 5514.
- 15 The Senate Rules Committee and the Speaker of the Assembly
- 16 shall each appoint a public member.
- 17 SEC. 2. Section 7011.4 of the Business and Professions Code
- 18 is amended to read:

1 7011.4. (a) Notwithstanding Section 7011, there is in the
2 Contractors' State License Board, a separate enforcement unit
3 which shall rigorously enforce this chapter prohibiting all forms
4 of unlicensed activity.

5 (b) Persons employed as enforcement representatives in this
6 unit and designated by the Director of Consumer Affairs are not
7 peace officers. They do not have the power of arrest. However,
8 they may issue a written notice to appear in court pursuant to
9 Chapter 5c (commencing with Section 853.5) of Title 3 of Part 2
10 of the Penal Code.

11 SEC. 3. Section 7028.13 of the Business and Professions
12 Code is amended to read:

13 7028.13. (a) After the exhaustion of the review procedures
14 provided for in Sections 7028.10 to 7028.12, inclusive, the
15 registrar may apply to the appropriate superior court for a
16 judgment in the amount of the civil penalty and an order
17 compelling the cited person to comply with the order of
18 abatement. The application, which shall include a certified copy
19 of the final order of the registrar, shall constitute a sufficient
20 showing to warrant the issuance of the judgment and order. If the
21 cited person did not appeal the citation, a certified copy of the
22 citation and proof of service, and a certification that the person
23 cited is not or was not a licensed contractor or applicant for a
24 license at the time of issuance of the citation, shall constitute a
25 sufficient showing to warrant the issuance of the judgment and
26 order.

27 (b) Notwithstanding any other provision of law, the registrar
28 may delegate the collection of the civil penalty for any citation
29 issued to any person or entity legally authorized to engage in
30 collections. Costs of collection shall be borne by the person cited.
31 The registrar shall not delegate the authority to enforce the order
32 of abatement.

33 (c) Notwithstanding any other provision of law, the registrar
34 shall have the authority to assign the rights to the civil penalty, or
35 a portion thereof, for adequate consideration. The assignee and
36 the registrar shall have all the rights afforded under the ordinary
37 laws of assignment of rights and delegation of duties. The
38 registrar shall not assign the order of abatement. The assignee
39 may apply to the appropriate superior court for a judgment based

1 upon the assigned rights upon the same evidentiary showing as
2 set forth in subdivision (a).

3 (d) Notwithstanding any other provision of law, including
4 subdivisions (a) and (b) of Section 340 of the Code of Civil
5 Procedure, the registrar or his or her designee or assignee shall
6 have four years from the date of the final order to collect civil
7 penalties except that the registrar or his or her designee or
8 assignee shall have 10 years from the date of the judgment to
9 enforce civil penalties on citations that have been converted to
10 judgments through the process described in subdivisions (a) and
11 (c).

12 SEC. 4. Section 7071.6 of the Business and Professions Code
13 is amended to read:

14 7071.6. (a) The board shall require as a condition precedent
15 to the issuance, reinstatement, reactivation, renewal, or continued
16 maintenance of a license, that the applicant or licensee file or
17 have on file a contractor's bond in the sum of ten thousand
18 dollars (\$10,000), regardless of the classification. However, on
19 and after January 1, 2007, the sum of the bond that an applicant
20 or licensee is required to have on file shall be twelve thousand
21 five hundred dollars (\$12,500).

22 (b) Excluding the claims brought by the beneficiaries specified
23 in subdivision (a) of Section 7071.5, the aggregate liability of a
24 surety on claims brought against a bond required by this section
25 shall not exceed the sum of seven thousand five hundred dollars
26 (\$7,500). The bond proceeds in excess of seven thousand five
27 hundred dollars (\$7,500) shall be reserved exclusively for the
28 claims of the beneficiaries specified in subdivision (a) of Section
29 7071.5. However, nothing in this section shall be construed so as
30 to prevent any beneficiary specified in subdivision (a) of Section
31 7071.5 from claiming or recovering the full measure of the bond
32 required by this section.

33 (c) No bond shall be required of a holder of a license that has
34 been inactivated on the official records of the board during the
35 period the license is inactive.

36 (d) Notwithstanding any other provision of law, as a condition
37 precedent to licensure, the board may require an applicant to post
38 a contractor's bond in twice the amount required pursuant to
39 subdivision (a) until the time that the license is renewed, under
40 the following conditions:

1 (1) The applicant has either been convicted of a violation of
2 Section 7028 or has been cited pursuant to Section 7028.7.

3 (2) If the applicant has been cited pursuant to Section 7028.7,
4 the citation has been reduced to a final order of the registrar.

5 (3) The violation of Section 7028, or the basis for the citation
6 issued pursuant to Section 7028.7, constituted a substantial injury
7 to the public.

8 SEC. 5. Section 7071.11 of the Business and Professions
9 Code is amended to read:

10 7071.11. (a) The aggregate liability of a surety on a claim for
11 wages and fringe benefits brought against any bond required by
12 this article, other than a bond required by Section 7071.8, shall
13 not exceed the sum of four thousand dollars (\$4,000). If any bond
14 required by this article is insufficient to pay all claims in full, the
15 sum of the bond shall be distributed to all claimants in proportion
16 to the amount of their respective claims.

17 (b) No license may be renewed, reissued, or reinstated while
18 any judgment or admitted claim in excess of the amount of the
19 bond remains unsatisfied. The following limitations periods
20 apply to bonds required by this article:

21 (1) Any action, other than an action to recover wages or fringe
22 benefits, against a contractor's bond or a bond of a qualifying
23 individual filed by an active licensee shall be brought within two
24 years after the expiration of the license period during which the
25 act or omission occurred, or within two years of the date the
26 license of the active licensee was inactivated, canceled, or
27 revoked by the board, whichever first occurs.

28 (2) Any action, other than an action to recover wages or fringe
29 benefits, against a disciplinary bond filed by an active licensee
30 pursuant to Section 7071.8 shall be brought within two years
31 after the expiration of the license period during which the act or
32 omission occurred, or within two years of the date the license of
33 the active licensee was inactivated, canceled, or revoked by the
34 board, or within two years after the last date for which a
35 disciplinary bond filed pursuant to Section 7071.8 was required,
36 whichever date is first.

37 (3) A claim to recover wages or fringe benefits shall be
38 brought within six months from the date that the wage or fringe
39 benefit delinquencies were discovered, but in no event shall a

1 civil action thereon be brought later than two years from the date
2 the wage or fringe benefit contributions were due.

3 (c) Whenever the surety makes payment on any claim against
4 a bond required by this article, whether or not payment is made
5 through a court action or otherwise, the surety shall, within 30
6 days of the payment, provide notice to the registrar. The notice
7 required by this subdivision shall provide the following
8 information by declaration on a form prescribed by the registrar:

9 (1) The name and license number of the contractor.
10 (2) The surety bond number.
11 (3) The amount of payment.
12 (4) The statutory basis upon which the claim is made.
13 (5) The names of the person or persons to whom payments
14 have been made.

15 (6) Whether or not the payments were the result of a good
16 faith action by the surety.

17 The notice shall also clearly indicate whether or not the
18 licensee filed a protest in accordance with this section.

19 (d) Prior to the settlement of a claim through a good faith
20 payment by the surety, a licensee shall have not less than 15 days
21 in which to provide a written protest. This protest shall instruct
22 the surety not to make payment from the bond on the licensee's
23 account upon the specific grounds that the claim is opposed by
24 the licensee, and provide the surety a specific and reasonable
25 basis for the licensee's opposition to payment.

26 (1) Whenever a licensee files a protest in accordance with this
27 subdivision, the board shall investigate the matter and file
28 disciplinary action as set forth under this chapter if there is
29 evidence that the surety has sustained a loss as the result of a
30 good faith payment made for the purpose of mitigating any
31 damages incurred by any person or entity covered under Section
32 7071.5.

33 (2) Any licensee that fails to file a protest as specified in this
34 subdivision shall have 90 days from the date of notification by
35 the board to submit proof of payment of the actual amount owed
36 to the surety and, if applicable, proof of payment of any
37 judgment or admitted claim in excess of the amount of the bond
38 or, by operation of law, the license shall be suspended at the end
39 of the 90 days. A license suspension pursuant to this subdivision
40 shall be disclosed indefinitely as a failure to settle outstanding

1 final liabilities in violation of this chapter. The disclosure
2 specified by this subdivision shall also be applicable to all
3 licenses covered by the provisions of subdivision (d).

4 (e) No license may be renewed, reissued, or reinstated while
5 any surety remains unreimbursed for any loss or expense
6 sustained on any bond issued for the licensee or for any entity of
7 which any officer, director, member, partner, or qualifying
8 person was an officer, director, member, partner, or qualifying
9 person of the licensee while the licensee was subject to
10 suspension or disciplinary action under this section.

11 (f) The licensee may provide the board with a notarized copy
12 of an accord, reached with the surety to satisfy the debt in lieu of
13 full payment. By operation of law, failure to abide by the accord
14 shall result in the automatic suspension of any license to which
15 this section applies. A license that is suspended for failure to
16 abide by the accord may only be renewed or reinstated when
17 proof of satisfaction of all debts is made.

18 (g) Legal fees may not be charged against the bond by the
19 board.

20 SEC. 6. Section 7071.12 of the Business and Professions
21 Code is amended to read:

22 7071.12. (a) Instead of the bond provided by this article a
23 deposit may be given pursuant to Article 7 (commencing with
24 Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of
25 Civil Procedure.

26 (b) If the board is notified, in writing, of a civil action against
27 the deposit authorized under this section, the deposit or any
28 portion thereof shall not be released for any purpose, except as
29 determined by the court.

30 (c) If any deposit authorized under this section is insufficient
31 to pay, in full, all claims that have been adjudicated under any
32 action filed in accordance with this section, the sum of the
33 deposit shall be distributed to all claimants in proportion to the
34 amount of their respective claims.

35 (d) The following limitations periods apply to deposits in lieu
36 of the bond required by this article:

37 (1) Any action, other than an action to recover wages or fringe
38 benefits, against a deposit given in lieu of a contractor's bond or
39 bond of a qualifying individual filed by an active licensee shall
40 be brought within three years after the expiration of the license

1 period during which the act or omission occurred, or within three
2 years of the date the license of the active licensee was
3 inactivated, canceled, or revoked by the board, whichever occurs
4 first.

5 (2) Any action, other than an action to recover wages or fringe
6 benefits, against a deposit given in lieu of a disciplinary bond
7 filed by an active licensee pursuant to Section 7071.8 shall be
8 brought within three years after the expiration of the license
9 period during which the act or omission occurred, or within three
10 years of the date the license of the active licensee was
11 inactivated, canceled, or revoked by the board, or within three
12 years after the last date for which a deposit given in lieu of a
13 disciplinary bond filed pursuant to Section 7071.8 was required,
14 whichever date is first.

15 (3) A claim to recover wages or fringe benefits shall be
16 brought within six months from the date that the wage or fringe
17 benefit delinquencies were discovered, but in no event shall a
18 civil action thereon be brought later than two years from the date
19 the wage or fringe benefit contributions were due.

20 (e) In any case in which a claim is filed against a deposit given
21 in lieu of a bond by any employee or by an employee
22 organization on behalf of an employee, concerning wages or
23 fringe benefits based upon the employee's employment, claims
24 for the nonpayment shall be filed with the Labor Commissioner.
25 The Labor Commissioner shall, pursuant to the authority vested
26 by Section 96.5 of the Labor Code, conduct hearings to
27 determine whether or not the wages or fringe benefits should be
28 paid to the complainant. Upon a finding by the commissioner that
29 the wages or fringe benefits should be paid to the complainant,
30 the commissioner shall notify the register of the findings. The
31 registrar shall not make payment from the deposit on the basis of
32 findings by the commissioner for a period of 10 days following
33 determination of the findings. If, within the period, the
34 complainant or the contractor files written notice with the
35 registrar and the commissioner of an intention to seek judicial
36 review of the findings pursuant to Section 11523 of the
37 Government Code, the registrar shall not make payment if an
38 action is actually filed, except as determined by the court. If,
39 thereafter, no action is filed within 60 days following

1 determination of findings by the commissioner, the registrar shall
2 make payment from the deposit to the complainant.

3 (f) Legal fees may not be charged by the board against any
4 deposit posted pursuant to this section.

5 SEC. 7. Section 7071.15 of the Business and Professions
6 Code is repealed.

7 SEC. 8. Section 7071.15 is added to the Business and
8 Professions Code, to read:

9 7071.15. By operation of law, failure to maintain any bond
10 that is required under this article as a condition of licensure or
11 continued licensure shall, without notice by the board, result in
12 the suspension of the license for which the bond is required.

13 SEC. 9. Section 7073 of the Business and Professions Code is
14 amended to read:

15 7073. (a) The registrar may deny any application for a
16 license or supplemental classification where the applicant has
17 failed to comply with any rule or regulation adopted pursuant to
18 this chapter or where there are grounds for denial under Section
19 480. Procedures for denial of an application shall be conducted in
20 accordance with Section 485.

21 (b) When the board has denied an application for a license on
22 grounds that the applicant has committed a crime substantially
23 related to qualifications, functions, or duties of a contractor, it
24 shall, in its decision or in its notice under subdivision (b) of
25 Section 485, inform the applicant of the earliest date on which
26 the applicant may reapply for a license. The board shall develop
27 criteria, similar to the criteria developed to evaluate
28 rehabilitation, to establish the earliest date on which the applicant
29 may reapply. The date set by the registrar shall not be more than
30 five years from the effective date of the decision or service of
31 notice under subdivision (b) of Section 485.

32 (c) The board shall inform an applicant that all competent
33 evidence of rehabilitation shall be considered upon reapplication.

34 (d) Along with the decision or notice under subdivision (b) of
35 Section 485, the board shall serve a copy of the criteria for
36 rehabilitation formulated under Section 482.

37 (e) In lieu of denying licensure as authorized under this
38 section, the registrar may issue an applicant a probationary
39 license with terms and conditions. During the probationary
40 period, if information is brought to the attention of the registrar

1 regarding any act or omission of the licensee constituting
2 grounds for discipline or denial of licensure for which the
3 registrar determines that revocation of the probationary license
4 would be proper, the registrar shall notify the applicant to show
5 cause within 30 days why the probationary license should not be
6 revoked. The proceedings shall be conducted in accordance with
7 the provisions of Chapter 5 (commencing with Section 11500) of
8 Part 1 of Division 3 of Title 2 of the Government Code, and the
9 registrar shall have all the powers granted therein. A
10 probationary license shall not be renewed during any period in
11 which any proceeding brought pursuant to this section is
12 pending.

13 SEC. 10. Section 7085 of the Business and Professions Code
14 is amended to read:

15 7085. (a) After investigating any verified complaint alleging
16 a violation of Section 7107, 7109, 7110, 7113, 7119, or 7120,
17 and any complaint arising from a contract involving works of
18 improvement and finding a possible violation, the registrar may,
19 with the concurrence of both the licensee and the complainant,
20 refer the alleged violation, and any dispute between the licensee
21 and the complainant arising thereunder, to arbitration pursuant to
22 this article, provided the registrar finds that:

23 (1) There is evidence that the complainant has suffered or is
24 likely to suffer material damages as a result of a violation of
25 Section 7107, 7109, 7110, 7113, 7119, or 7120, and any
26 complaint arising from a contract involving works of
27 improvement.

28 (2) There are reasonable grounds for the registrar to believe
29 that the public interest would be better served by arbitration than
30 by disciplinary action.

31 (3) The licensee does not have a history of repeated or similar
32 violations.

33 (4) The licensee was in good standing at the time of the
34 alleged violation.

35 (5) The licensee does not have any outstanding disciplinary
36 actions filed against him or her.

37 (6) The parties have not previously agreed to private
38 arbitration of the dispute pursuant to contract or otherwise.

39 (7) The parties have been advised of the provisions of Section
40 2855 of the Civil Code.

1 For the purposes of paragraph (1), “material damages” means
2 damages greater than the amount of the bond required under
3 subdivision (a) of Section 7071.6, but less than fifty thousand
4 dollars (\$50,000).

5 (b) In all cases in which a possible violation of the sections set
6 forth in paragraph (1) of subdivision (a) exists and the contract
7 price, or the demand for damages is equal to or less than the
8 amount of the bond required under Section 7071.6, but,
9 regardless of the contract price, the complaint shall be referred to
10 arbitration, utilizing the criteria set forth in paragraphs (2) to (6),
11 inclusive, of subdivision (a).

12 SEC. 11. Section 7085.5 of the Business and Professions
13 Code is amended to read:

14 7085.5. Arbitrations of disputes arising out of cases filed with
15 or by the board shall be conducted in accordance with the
16 following rules:

17 (a) All “agreements to arbitrate” shall include the names,
18 addresses, and telephone numbers of the parties to the dispute,
19 the issue in dispute, and the amount in dollars or any other
20 remedy sought. The appropriate fee shall be paid by the board
21 from the Contractors’ License Fund.

22 (b) (1) The board or appointed arbitration association shall
23 appoint an arbitrator in the following manner: immediately after
24 the filing of the agreement to arbitrate, the board or appointed
25 arbitration association shall submit simultaneously to each party
26 to the dispute, an identical list of names of persons chosen from
27 the panel. Each party to the dispute shall have seven days from
28 the mailing date in which to cross off any names to which it
29 objects, number the remaining names to indicate the order of
30 preference, and return the list to the board or appointed
31 arbitration association. If a party does not return the list within
32 the time specified, all persons named in the list are acceptable.
33 From among the persons who have been approved on both lists,
34 and in accordance with the designated order of mutual
35 preference, the board or appointed arbitration association shall
36 appoint an arbitrator to serve. If the parties fail to agree on any of
37 the parties named, if acceptable arbitrators are unable to act, or if,
38 for any other reason, the appointment cannot be made from the
39 submitted lists, the board or appointed arbitration association
40 shall have the power to make the appointment from among other

1 members of the panel without the submission of any additional
2 lists. Each dispute shall be heard and determined by one
3 arbitrator unless the board or appointed arbitration association, in
4 its discretion, directs that a greater number of arbitrators be
5 appointed.

6 (2) In all cases in which a complaint has been referred to
7 arbitration pursuant to subdivision (b) of Section 7085, the board
8 or the appointed arbitration association shall have the power to
9 appoint an arbitrator to hear the matter.

10 (3) The board shall adopt regulations setting minimum
11 qualification standards for listed arbitrators based upon relevant
12 training, experience, and performance.

13 (c) No person shall serve as an arbitrator in any arbitration in
14 which that person has any financial or personal interest in the
15 result of the arbitration. Prior to accepting an appointment, the
16 prospective arbitrator shall disclose any circumstances likely to
17 prevent a prompt hearing or to create a presumption of bias.
18 Upon receipt of that information, the board or appointed
19 arbitration association shall immediately replace the arbitrator or
20 communicate the information to the parties for their comments.
21 Thereafter, the board or appointed arbitration association shall
22 determine whether the arbitrator should be disqualified and shall
23 inform the parties of its decision, which shall be conclusive.

24 (d) The board or appointed arbitration association may appoint
25 another arbitrator if a vacancy occurs, or if an appointed
26 arbitrator is unable to serve in a timely manner.

27 (e) (1) The board or appointed arbitration association shall
28 provide the parties with a list of the times and dates, and
29 locations of the hearing to be held. The parties shall notify the
30 arbitrator, within seven calendar days of the mailing of the list, of
31 the times and dates convenient to each party. If the parties fail to
32 respond to the arbitrator within the seven-day period, the
33 arbitrator shall fix the time, place, and location of the hearing. An
34 arbitrator may, at the arbitrator's sole discretion, make an
35 inspection of the construction site which is the subject of the
36 arbitration. The arbitrator shall notify the parties of the time and
37 date set for the inspection. Any party who so desires may be
38 present at the inspection.

39 (2) The board or appointed arbitration association shall fix the
40 time, place, and location of the hearing for all cases referred to

1 arbitration pursuant to subdivision (b) of Section 7085. An
2 arbitrator may, at the arbitrator's sole discretion, make an
3 inspection of the construction site which is the subject of the
4 arbitration. The arbitrator shall notify the parties of the time and
5 date set for the inspection. Any party who desires may be present
6 at the inspection.

7 (f) Any person having a direct interest in the arbitration is
8 entitled to attend the hearing. The arbitrator shall otherwise have
9 the power to require the exclusion of any witness, other than a
10 party or other essential person, during the testimony of any other
11 witness. It shall be discretionary with the arbitrator to determine
12 the propriety of the attendance of any other person.

13 (g) Hearings shall be adjourned by the arbitrator only for good
14 cause.

15 (h) A record is not required to be taken of the proceedings.
16 However, any party to the proceeding may have a record made at
17 its own expense. The parties may make appropriate notes of the
18 proceedings.

19 (i) The hearing shall be conducted by the arbitrator in any
20 manner which will permit full and expeditious presentation of the
21 case by both parties. The complaining party shall present its
22 claims, proofs, and witnesses, who shall submit to questions or
23 other examination. The defending party shall then present its
24 defenses, proofs, and witnesses, who shall submit to questions or
25 other examination. The arbitrator has discretion to vary this
26 procedure but shall afford full and equal opportunity to the
27 parties for the presentation of any material or relevant proofs.

28 (j) The arbitration may proceed in the absence of any party
29 who, after due notice, fails to be present. The arbitrator shall
30 require the attending party to submit supporting evidence in order
31 to make an award. An award for the attending party shall not be
32 based solely on the fact that the other party has failed to appear at
33 the arbitration hearing.

34 (k) The arbitrator shall be the sole judge of the relevancy and
35 materiality of the evidence offered and conformity to legal rules
36 of evidence shall not be required. Consistent with the expedited
37 nature of arbitration, no formal discovery shall be conducted,
38 including depositions, interrogatories, requests for admission, or
39 other forms of formal civil discovery.

1 (l) The arbitrator may receive and consider documentary
2 evidence. Documents to be considered by the arbitrator may be
3 submitted prior to the hearing. However, a copy shall be
4 simultaneously transmitted to all other parties and to the board or
5 appointed arbitration association for transmittal to the arbitrator
6 or board appointed arbitrator.

7 (m) The arbitrator shall specifically inquire of the parties
8 whether they have any further proofs to offer or witnesses to be
9 heard. Upon receiving negative replies, the arbitrator shall
10 declare the hearing closed and minutes thereof shall be recorded.
11 If briefs are to be filed, the hearing shall be declared closed as of
12 the final date set by the arbitrator for the receipt of briefs. If
13 documents are to be filed as requested by the arbitrator and the
14 date set for their receipt is later than that set for the receipt of
15 briefs, the later date shall be the date of closing the hearings. The
16 time limit within which the arbitrator is required to make the
17 award shall commence to run, in the absence of other agreements
18 by the parties, upon the closing of the hearings.

19 (n) The hearing may be reopened on the arbitrator's own
20 motion.

21 (o) Any party who proceeds with the arbitration after
22 knowledge that any provision or requirement of these rules has
23 not been complied with, and who fails to state his or her
24 objections to the arbitrator in writing, within 10 calendar days of
25 close of hearing, shall be deemed to have waived his or her right
26 to object.

27 (p) (1) Except as provided in paragraph (2), any papers or
28 process necessary or proper for the initiation or continuation of
29 an arbitration under these rules and for any court action in
30 connection therewith, or for the entry of judgment on an award
31 made thereunder, may be served upon any party (A) by regular
32 mail addressed to that party or his or her attorney at the party's
33 last known address, or (B) by personal service.

34 (2) Notwithstanding paragraph (1), in all cases referred to
35 arbitration pursuant to subdivision (b) of Section 7085 in which
36 the contractor fails or refuses to return an executed copy of the
37 notice to arbitrate within the time specified, any papers or
38 process specified in paragraph (1) to be sent to the contractor,
39 including the notice of hearing, shall be mailed by certified mail
40 to the contractor's address of record.

1 (q) The award shall be made promptly by the arbitrator, and
2 unless otherwise agreed by the parties, no later than 30 calendar
3 days from the date of closing the hearing, closing a reopened
4 hearing, or if oral hearing has been waived, from the date of
5 transmitting the final statements and proofs to the arbitrator.

6 The arbitrator may for good cause extend any period of time
7 established by these rules, except the time for making the award.
8 The arbitrator shall notify the parties of any extension and the
9 reason therefor.

10 (r) (1) The arbitrator may grant any remedy or relief that the
11 arbitrator deems just and equitable and within the scope of the
12 board's referral and the requirements of the board. The arbitrator,
13 in his or her sole discretion, may award costs or expenses.

14 (2) The amendments made in paragraph (1) during the
15 2003–04 Regular Session shall not be interpreted to prevent an
16 arbitrator from awarding a complainant all direct costs and
17 expenses for the completion or repair of the project.

18 (s) The award shall become final 30 calendar days from the
19 date the arbitration award is issued. The arbitrator, upon written
20 application of a party to the arbitration, may correct the award
21 upon the following grounds:

22 (1) There was an evident miscalculation of figures or an
23 evident mistake in the description of any person, things, or
24 property referred to in the award.

25 (2) There is any other clerical error in the award, not affecting
26 the merits of the controversy.

27 An application for correction of the award shall be made within
28 10 calendar days of the date of service of the award by serving a
29 copy of the application on the arbitrator, and all other parties to
30 the arbitration. Any party to the arbitration may make a written
31 objection to the application for correction by serving a copy of
32 the written objection on the arbitrator, the board, and all other
33 parties to the arbitration, within 10 calendar days of the date of
34 service of the application for correction.

35 The arbitrator shall either deny the application or correct the
36 award within 30 calendar days of the date of service of the
37 original award by mailing a copy of the denial or correction to all
38 parties to the arbitration. Any appeal from the denial or
39 correction shall be filed with a court of competent jurisdiction
40 and a true copy thereof shall be filed with the arbitrator or

1 appointed arbitration association within 30 calendar days after
2 the award has become final. The award shall be in writing, and
3 shall be signed by the arbitrator or a majority of them. If no
4 appeal is filed within the 30-calendar day period, it shall become
5 a final order of the registrar.

6 (t) Service of the award by certified mail shall be effective if a
7 certified letter containing the award, or a true copy thereof, is
8 mailed by the arbitrator or arbitration association to each party or
9 to a party's attorney of record at their last known address,
10 address of record, or by personally serving any party. Service
11 may be proved in the manner authorized in civil actions.

12 (u) The board shall pay the expenses of one expert witness
13 appointed by the board when the services of an expert witness are
14 requested by either party involved in arbitration pursuant to this
15 article and the case involves workmanship issues that are
16 itemized in the complaint and have not been repaired or replaced.
17 Parties who choose to present the findings of another expert
18 witness as evidence shall pay for those services. Payment for
19 expert witnesses appointed by the board shall be limited to the
20 expert witness costs for inspection of the problem at the
21 construction site, preparation of the expert witness' report, and
22 expert witness fees for appearing or testifying at a hearing. All
23 requests for payment to an expert witness shall be submitted on a
24 form that has been approved by the registrar. All requests for
25 payment to an expert witness shall be reviewed and approved by
26 the board prior to payment. The registrar shall advise the parties
27 that names of industry experts may be obtained by requesting this
28 information from the registrar.

29 (v) The arbitrator shall interpret and apply these rules insofar
30 as they relate to his or her powers and duties.

31 (w) The following shall apply as to court procedure and
32 exclusion of liability:

33 (1) The board, the appointed arbitration association, or any
34 arbitrator in a proceeding under these rules is not a necessary
35 party in judicial proceedings relating to the arbitration.

36 (2) Parties to these rules shall be deemed to have consented
37 that judgment upon the arbitration award may be entered in any
38 federal or state court having jurisdiction thereof.

1 (3) The board, the appointed arbitration association, or any
2 arbitrator is not liable to any party for any act or omission in
3 connection with any arbitration conducted under these rules.

4 SEC. 12. Section 7110.5 of the Business and Professions
5 Code is amended to read:

6 7110.5. Upon receipt of a certified copy of the Labor
7 Commissioner's finding of a willful or deliberate violation of the
8 Labor Code by a licensee, pursuant to Section 98.9 of the Labor
9 Code, the registrar shall initiate disciplinary action against the
10 licensee within 30 days of notification.

11 SEC. 13. Section 7145.5 of the Business and Professions
12 Code is amended to read:

13 7145.5. (a) The registrar may refuse to issue, reinstate,
14 reactivate, or renew a license or may suspend a license for the
15 failure of a licensee to resolve all outstanding final liabilities,
16 which include taxes, additions to tax, penalties, interest and any
17 fees that may be assessed by the board, the Department of
18 Industrial Relations, the Employment Development Department,
19 or the Franchise Tax Board.

20 (1) The qualifying person and any other member of the
21 personnel of any license that is subject to suspension under this
22 section shall be automatically prohibited from serving as an
23 officer, director, associate, partner, owner, qualifying individual,
24 or other personnel of record for another license.

25 (2) The license of any other renewable licensed entity with any
26 of the same personnel of record that have been assessed an
27 outstanding liability covered by this section shall be suspended
28 until the debt has been satisfied, or until those same personnel of
29 record disassociate themselves from the renewable licensed
30 entity.

31 (b) The refusal to issue a license or the suspension of a license
32 as provided by this section shall be applicable only if the registrar
33 has mailed a notice preliminary to the refusal or suspension
34 which indicates that the license will be refused or suspended by a
35 date certain. This preliminary notice shall be mailed to the
36 licensee at least 60 days before the date certain.

37 (c) In the case of outstanding final liabilities assessed by the
38 Franchise Tax Board, this section shall be operative within 60
39 days after the Contractor's State Licensing Board has provided
40 the Franchise Tax Board with the information required under

1 Section 30, relating to licensing information which includes the
2 federal employee identification number or social security
3 number.

4 (d) All versions of the application for contractor's licenses
5 shall include, as part of the application, an authorization by the
6 applicant, in the form and manner mutually agreeable to the
7 Franchise Tax Board and the board, for the Franchise Tax Board
8 to disclose the tax information that is required for the registrar to
9 administer this section. The Franchise Tax Board may from time
10 to time audit these authorizations.

11 SEC. 14. ~~Section 94739 of the Education Code is amended to~~
12 ~~read:~~

13 ~~94739. (a) "Private postsecondary educational institution"~~
14 ~~means any person doing business in California that offers to~~
15 ~~provide or provides, for a tuition, fee, or other charge, any~~
16 ~~instruction, training, or education under any of the following~~
17 ~~circumstances:~~

18 ~~(1) A majority of the students to whom instruction, training, or~~
19 ~~education is provided during any 12-month period is obtained~~
20 ~~from, or on behalf of, students who have completed or terminated~~
21 ~~their secondary education or are beyond the age of compulsory~~
22 ~~high school attendance.~~

23 ~~(2) More than 50 percent of the revenue derived from~~
24 ~~providing instruction, training, or education during any 12-month~~
25 ~~period is obtained from, or on behalf of, students who have~~
26 ~~completed or terminated their secondary education or are beyond~~
27 ~~the age of compulsory high school attendance.~~

28 ~~(3) More than 50 percent of the hours of instruction, training,~~
29 ~~or education provided during any 12-month period is provided to~~
30 ~~students who have completed or terminated their secondary~~
31 ~~education or are beyond the age of compulsory high school~~
32 ~~attendance.~~

33 ~~(4) A substantial portion, as determined by the bureau, by~~
34 ~~regulation, of the instruction, training, or education provided is~~
35 ~~provided to students who have completed or terminated their~~
36 ~~secondary education or are beyond the age of compulsory high~~
37 ~~school attendance.~~

38 ~~(b) The following are not considered to be private~~
39 ~~postsecondary educational institutions under this chapter:~~

1 ~~(1) Institutions exclusively offering instruction at any or all~~
2 ~~levels from preschool through the 12th grade.~~

3 ~~(2) Institutions offering education solely avocational or~~
4 ~~recreational in nature, and institutions offering this education~~
5 ~~exclusively.~~

6 ~~(3) Institutions offering education sponsored by a bona fide~~
7 ~~trade, business, professional, or fraternal organization, solely for~~
8 ~~that organization's membership.~~

9 ~~(4) Postsecondary or vocational educational institutions~~
10 ~~established, operated, and governed by the federal government or~~
11 ~~by this state, or its political subdivisions.~~

12 ~~(5) Institutions offering continuing education where the~~
13 ~~institution or the program is approved, certified, or sponsored by~~
14 ~~any of the following:~~

15 ~~(A) A government agency, other than the bureau, that licenses~~
16 ~~persons in a particular profession, trade, or job category.~~

17 ~~(B) A state-recognized professional licensing body, such as~~
18 ~~the State Bar of California, that licenses persons in a particular~~
19 ~~profession, trade, or job category.~~

20 ~~(C) A bona fide trade, business, or professional organization.~~

21 ~~(6) A nonprofit institution owned, controlled, and operated and~~
22 ~~maintained by a bona fide church, religious denomination, or~~
23 ~~religious organization comprised of multidenominational~~
24 ~~members of the same well-recognized religion, lawfully~~
25 ~~operating as a nonprofit religious corporation pursuant to Part 4~~
26 ~~(commencing with Section 9110) of Division 2 of Title 1 of the~~
27 ~~Corporations Code, if the education is limited to instruction in~~
28 ~~the principles of that church, religious denomination, or religious~~
29 ~~organization, or to courses offered pursuant to Section 2789 of~~
30 ~~the Business and Professions Code, and the diploma or degree is~~
31 ~~limited to evidence of completion of that education, and the~~
32 ~~meritorious recognition upon which any honorary degree is~~
33 ~~conferred is limited to the principles of that church, religious~~
34 ~~denomination, or religious organization. Institutions operating~~
35 ~~under this paragraph shall offer degrees and diplomas only in the~~
36 ~~beliefs and practices of the church, religious denomination, or~~
37 ~~religious organization. The enactment of this paragraph expresses~~
38 ~~the legislative intent that the state shall not involve itself in the~~
39 ~~content of degree programs awarded by any institution operating~~
40 ~~under this paragraph, as long as the institution awards degrees~~

~~1 and diplomas only in the beliefs and practices of the church,
2 religious denomination, or religious organization. Institutions
3 operating under this paragraph shall not award degrees in any
4 area of physical science. Any degree or diploma granted in any
5 area of study under these provisions shall contain on its face, in
6 the written description of the title of the degree being conferred,
7 a reference to the theological or religious aspect of the degree's
8 subject area. Degrees awarded under this paragraph shall reflect
9 the nature of the degree title, such as "associate of religious
10 studies," or "bachelor of religious studies," or "master of
11 divinity" or "doctor of divinity." The use of the degree titles
12 "associate of arts" or "associate of science," "bachelor of arts" or
13 "bachelor of science," "master of arts" or "master of science," or
14 "doctor of philosophy" or "Ph.D." shall only be awarded by
15 institutions approved to operate under Article 8 (commencing
16 with Section 94900) or meeting the requirements for an
17 exemption under Section 94750. The enactment of this paragraph
18 is intended to prevent any entity claiming to be a nonprofit
19 institution owned, controlled, and operated and maintained by a
20 bona fide church, religious denomination, or religious
21 organization comprised of multid denominational members of the
22 same well-recognized religion, lawfully operating as a nonprofit
23 religious corporation pursuant to Part 4 (commencing with
24 Section 9110) of Division 2 of Title 1 of the Corporations Code,
25 from marketing and granting degrees or diplomas that are
26 represented as being linked to their church, religious
27 denomination, or religious organization, but which, in reality, are
28 degrees in secular areas of study. An institution operating under
29 this paragraph shall file annually with the bureau evidence to
30 demonstrate its status as a nonprofit religious corporation under
31 the Corporations Code. A college or university operating under
32 this paragraph shall file annually with the bureau evidence to
33 demonstrate its status as a nonprofit religious corporation under
34 the Corporations Code.~~

~~35 (7) (A) Public institutions accredited by the Accrediting
36 Commission for Senior Colleges and Universities or the
37 Accrediting Commission for Community and Junior Colleges of
38 the Western Association of Schools and Colleges.~~

~~39 (B) Institutions accredited by the Accrediting Commission for
40 Senior Colleges and Universities or the Accrediting Commission~~

1 ~~for Community and Junior Colleges of the Western Association~~
2 ~~of Schools and Colleges that are incorporated and lawfully~~
3 ~~operating as a nonprofit public benefit corporation pursuant to~~
4 ~~Part 2 (commencing with Section 5110) of Division 2 of Title 1~~
5 ~~of the Corporations Code and that are not managed by any entity~~
6 ~~for profit.~~

7 ~~(C) For-profit institutions accredited by the Accrediting~~
8 ~~Commission for Senior Colleges and Universities or the~~
9 ~~Accrediting Commission for Community and Junior Colleges of~~
10 ~~the Western Association of Schools and Colleges.~~

11 ~~(D) Institutions accredited by the Western Association of~~
12 ~~Schools and Colleges that do not meet all of the criteria in~~
13 ~~subparagraph (B) and that are incorporated and lawfully~~
14 ~~operating as a nonprofit public benefit corporation pursuant to~~
15 ~~Part 2 (commencing with Section 5110) of Division 2 of Title 1~~
16 ~~of the Corporations Code, that have been in continuous operation~~
17 ~~since April 15, 1997, and that are not managed by any entity for~~
18 ~~profit. Notwithstanding this subdivision, institutions that meet the~~
19 ~~criteria in this subparagraph shall be subject to Section 94831,~~
20 ~~except subdivision (c) of that section, and Sections 94832,~~
21 ~~94834, 94838, and 94985.~~

22 ~~SEC. 15. Section 94742.2 is added to the Education Code, to~~
23 ~~read:~~

24 ~~94742.2. (a) “Short-term seminar training” means an~~
25 ~~educational service offered at a main location, branch, or~~
26 ~~satellite, or any other location, consisting of 100 hours or less of~~
27 ~~instruction, the total charge for which is less than one thousand~~
28 ~~dollars (\$1,000).~~

29 ~~(b) “Short-term seminar training” does not include any of the~~
30 ~~following:~~

- 31 ~~(1) Instruction leading to a degree.~~
- 32 ~~(2) Instruction financed by a federal or state loan or grant.~~
- 33 ~~(3) Instruction in how to prepare for, take, or pass a licensing~~
34 ~~examination or other test qualifying a person for employment.~~
- 35 ~~(4) Instruction that is represented to lead to an occupation or~~
36 ~~job title.~~
- 37 ~~(5) Any educational service consisting of more than 100 hours~~
38 ~~of instruction or costing one thousand dollars (\$1,000) or more in~~
39 ~~total charges that is divided or structured into one or more~~

1 segments that consist of 100 or fewer hours of instruction, the
2 total charge for which is less than one thousand dollars (\$1,000):

3 ~~(c) Short-term seminar training may include an educational~~
4 ~~service licensed by another state agency so long as that~~
5 ~~educational service complies with subdivision (a) and Article 9.5~~
6 ~~(commencing with Section 94931).~~

7 SEC. 16. ~~Section 94742.3 of the Education Code is repealed.~~

8 SEC. 17. ~~Section 94781 is added to the Education Code, to~~
9 ~~read:~~

10 94781. (a) ~~An institution that exclusively offers programs~~
11 ~~that assist students to prepare for an examination for licensure~~
12 ~~and that cost five hundred dollars (\$500) or less is subject to this~~
13 ~~section and, unless expressly provided in this section, is not~~
14 ~~subject to other provisions of this chapter.~~

15 ~~(b) At least 30 days before offering a program described in~~
16 ~~subdivision (a), an institution shall provide to the bureau, for~~
17 ~~public disclosure, a declaration signed by an owner or chief~~
18 ~~executive officer of the institution, under penalty of perjury,~~
19 ~~setting forth the following information:~~

20 ~~(1) Each owner's legal name and all institutional or business~~
21 ~~names, whether real or fictitious, under which the educational~~
22 ~~program will be offered.~~

23 ~~(2) The address of the institution's headquarters.~~

24 ~~(3) The name and address of the institution's agent for the~~
25 ~~service of process in California.~~

26 ~~(4) The names and addresses of the principal officers of the~~
27 ~~institution.~~

28 ~~(5) If an institution has provided all the information required~~
29 ~~by this subdivision to the bureau prior to January 1, 2006, and if~~
30 ~~all of that information is determined by the bureau to be accurate~~
31 ~~as of January 1, 2006, the institution is not required to resubmit~~
32 ~~this information to the bureau pursuant to this subdivision.~~

33 ~~(c) The institution shall notify the bureau in writing of any~~
34 ~~change in the information specified in subdivision (b) within 10~~
35 ~~days of the change.~~

36 ~~(d) An institution subject to this section shall maintain at all~~
37 ~~times an agent for the service of process in California. If the~~
38 ~~institution fails to designate or maintain a current agent for the~~
39 ~~service of process and if service on the institution cannot~~
40 ~~reasonably be effected in the manner provided in Section 415.10,~~

1 ~~415.20, 415.30, or 415.40 of the Code of Civil Procedure, the~~
2 ~~institution may be served by leaving a copy of the process or any~~
3 ~~other document in an office of the bureau and by sending, by~~
4 ~~first-class mail, a notice of the service upon the bureau and a~~
5 ~~copy of the process or other document to the institution at its last~~
6 ~~address on file with the bureau. Service in this manner shall be~~
7 ~~deemed complete on the 10th day after that mailing to the~~
8 ~~institution. Proof of service may be made by a declaration~~
9 ~~showing compliance with this subdivision.~~

10 (e) ~~An institution subject to this section shall also be subject to~~
11 ~~all of the following:~~

12 ~~(1) Section 94812.~~

13 ~~(2) Sections 94822 to 94825, inclusive.~~

14 ~~(3) Section 94829.~~

15 ~~(4) Subdivision (b) of, and subdivisions (d) to (j), inclusive, of,~~
16 ~~Section 94831.~~

17 ~~(5) Sections 94832 and 94834.~~

18 ~~(6) Subdivision (b) of Section 94835.~~

19 ~~(7) Section 94836.~~

20 ~~(8) Subdivisions (b) to (d), inclusive, of Section 94838.~~

21 ~~(9) Article 1 (commencing with Section 94700).~~

22 ~~(10) Article 2 (commencing with Section 94710).~~

23 ~~(11) Article 4 (commencing with Section 94770).~~

24 ~~(12) Article 13 (commencing with Section 94950).~~

25 (f) ~~For the purposes of this section, the term “owner” has the~~
26 ~~meaning set forth in subdivision (f) of Section 94852.~~

27 SEC. 18. ~~Section 94931 of the Education Code is amended to~~
28 ~~read:~~

29 ~~94931. (a) No private postsecondary educational institution,~~
30 ~~except those offering degrees and approved under Article 8~~
31 ~~(commencing with Section 94900) or offering vocational and~~
32 ~~nondegree granting programs and approved under Article 9~~
33 ~~(commencing with Section 94915), or those that are exempt from~~
34 ~~this chapter, may offer educational services or programs unless~~
35 ~~the institution has been registered by the bureau as meeting the~~
36 ~~requirements of this section.~~

37 ~~(b) An institution approved to offer degrees under Article 8~~
38 ~~(commencing with Section 94900) or approved to offer~~
39 ~~vocational and nondegree granting programs under Article 9~~
40 ~~(commencing with Section 94915) may offer registered programs~~

1 without affecting its status under either of those articles so long
2 as the registered program is disclosed in its approval to operate
3 application or the institution completes a registration application
4 and receives specific authorization for the program, maintains
5 compliance for all registered programs in conformity with this
6 article, and maintains a set of student records for registered
7 programs separate from its approved programs. Any registered
8 institution that offers an educational program not specified in
9 subdivision (c) or not otherwise exempt from this chapter shall
10 be approved under Article 8 (commencing with Section 94900)
11 or Article 9 (commencing with Section 94915) and shall comply
12 with this chapter.

13 (e) Except as otherwise provided in this article, this chapter
14 does not apply to an educational service that qualifies for
15 registration status and that complies with this article. The
16 educational services that qualify for registration status are limited
17 to:

18 (1) An educational service, as defined in Section 94733, that is
19 offered to provide an intensive English language program.

20 (2) An educational service, as defined in Section 94742.1, that
21 is offered to provide short-term career training.

22 (3) An educational service, as defined in Section 94742.2, that
23 is offered to provide short-term seminar training.

24 (4) An educational service that is offered to assist students to
25 prepare for an examination for licensure and costs more than five
26 hundred dollars (\$500), except as provided in Section 94787.

27 (5) An educational service that consists of continuing
28 education not otherwise exempt from this chapter.

29 (d) An institution that qualifies under any of paragraphs (1) to
30 (4), inclusive, of subdivision (e) shall complete a registration
31 form provided by the bureau, including a signed declaration by
32 the chief executive officer of the institution under penalty of
33 perjury, and provide all of the following information for public
34 disclosure:

35 (1) The owner's legal name, headquarters address, and the
36 name of an agent for the service of process within California.

37 (2) All names, whether real or fictitious, under which the
38 owner is doing and will do business.

39 (3) The names and addresses of the principal officers of the
40 institution.

1 ~~(4) A list of all California locations at which the institution~~
2 ~~operates, its offerings, and, if previously registered, the number~~
3 ~~of students enrolled in California during the preceding year.~~

4 ~~(5) A copy of the registration form or agreement that enrolls~~
5 ~~the student in the educational service that contains all of the~~
6 ~~following:~~

7 ~~(A) The name and address of the location where instruction~~
8 ~~will be provided.~~

9 ~~(B) The title of the educational program.~~

10 ~~(C) The total amount the student is obligated to pay for the~~
11 ~~educational service.~~

12 ~~(D) A clear and conspicuous statement that the enrollment~~
13 ~~form or agreement is a legally binding instrument when signed~~
14 ~~by the student and accepted by the institution.~~

15 ~~(E) The refund policy developed by the institution unless this~~
16 ~~article specifies a different refund policy.~~

17 ~~(F) Unless this article specifies that the institution is required~~
18 ~~to participate in the Student Tuition Recovery Fund, a statement~~
19 ~~that the institution does not participate in that fund.~~

20 ~~(G) In 10-point boldface type or larger, the following~~
21 ~~statement: "Any questions or problems concerning this school~~
22 ~~that have not been satisfactorily answered or resolved by the~~
23 ~~school should be directed to the Bureau for Private~~
24 ~~Postsecondary and Vocational Education in the Department of~~
25 ~~Consumer Affairs (insert city, address, CA ZIP Code number,~~
26 ~~and telephone number)."~~

27 ~~(H) Schools approved under paragraph (1) of subdivision (c)~~
28 ~~shall also include, with the statement required by subparagraph~~
29 ~~(G), information referring the student to a consulate of his or her~~
30 ~~country and the United States Immigration and Naturalization~~
31 ~~Service.~~

32 ~~(6) A brochure or catalog and a sample advertisement used to~~
33 ~~promote the educational service.~~

34 ~~(7) A copy of its certificate of completion.~~

35 ~~(8) If the educational service offers short-term career training,~~
36 ~~the institution shall comply with the requirements of Sections~~
37 ~~94804 and 94806.~~

38 ~~(9) If the institution assists students in obtaining financing~~
39 ~~from a third party for the cost of the educational services at the~~

1 institution, a copy of the contract or finance agreement reflecting
2 that financing.

3 (e) ~~The bureau shall establish the initial registration fee and~~
4 ~~the annual fee to be paid by institutions registered under this~~
5 ~~article. No institution shall be registered pursuant to this article~~
6 ~~unless it has paid the appropriate fees required by the bureau.~~
7 ~~Upon receipt of an institution's initial application for registration~~
8 ~~for a program, the bureau may conduct a site visit pursuant to~~
9 ~~subdivision (e) of Section 94915.~~

10 (f) ~~For the purposes of communication with other state~~
11 ~~agencies, any organization or individual registered to offer~~
12 ~~short-term seminar training may state that they are "authorized"~~
13 ~~by the State of California.~~

14 (g) ~~(1) Except as provided by subdivision (f), any institution~~
15 ~~registered pursuant to this article shall be restricted to stating that~~
16 ~~their training is "registered" with the State of California and is~~
17 ~~prohibited from using the words "approval," "approved,"~~
18 ~~"approval to operate," "approved to operate," "authorized,"~~
19 ~~"licensed," or "licensed to operate."~~

20 ~~(2) The institution shall place the following statement in all~~
21 ~~brochures, catalogues, enrollment agreements, and registration~~
22 ~~forms, in a conspicuous location in at least 12-point boldfaced~~
23 ~~type:~~

24 ~~"We are registered with the State of California. Registration~~
25 ~~means we have met certain minimum standards imposed by the~~
26 ~~state for registered schools on the basis of our written application~~
27 ~~to the state. Registration does not mean we have met all of the~~
28 ~~more extensive standards required by the state for schools that~~
29 ~~are approved to operate or licensed or that the state has verified~~
30 ~~the information we submitted with our registration form."~~

31 (h) ~~The bureau may require, at least every three years~~
32 ~~following the initial registration date, that a registered institution~~
33 ~~verify all or part of the information required to be provided with~~
34 ~~the registration form under subdivision (d).~~

35 (i) ~~Sections 94812 and 94818, Sections 94822 to 94825,~~
36 ~~inclusive, Sections 94829 to 94838, inclusive, and Sections~~
37 ~~94841 and 94846 shall apply to any institution registered~~
38 ~~pursuant to this article.~~

39 (j) ~~Article 1 (commencing with Section 94700), Article 2~~
40 ~~(commencing with Section 94710), Article 3 (commencing with~~

1 ~~Section 94750), Article 3.5 (commencing with Section 94760),~~
2 ~~Article 4 (commencing with Section 94770), and Article 13~~
3 ~~(commencing with Section 94950) shall apply to any institution~~
4 ~~registered pursuant to this article.~~

5 ~~SEC. 19.~~

6 *SEC. 14.* Section 19830 of the Health and Safety Code is
7 amended to read:

8 19830. Every city or county, whether general law or
9 chartered, which requires the issuance of a permit as a condition
10 precedent to the construction, alteration, improvement,
11 demolition, or repair of any building or structure, shall, in
12 addition to any other requirements, prepare and give notice to the
13 owner of the building or structure whenever an application for a
14 building permit is submitted in the owner's name as builder of
15 ~~such the~~ improvements. ~~Such~~ The notice shall be given by mail;
16 or ~~such the~~ notice may be given to the applicant at the time the
17 application for the permit is made, provided that the applicant
18 presents identification sufficient to identify himself or herself as
19 the owner. The notice shall be in substantially the following
20 form:

21 “OWNER-BUILDER INFORMATION

22 “Dear Property Owner:

23 “An application for a building permit has been submitted in
24 your name listing yourself as the builder of the property
25 improvements specified.

26 “For your protection you should be aware that as
27 ‘owner-builder’ you are the responsible party of record on ~~such a~~
28 ~~the~~ permit. Building permits are not required to be signed by
29 property owners unless they are personally performing their own
30 work. If your work is being performed by someone other than
31 yourself, you may protect yourself from possible liability if that
32 person applies for the proper permit in his or her name.

33 “Contractors are required by law to be licensed and bonded by
34 the State of California and to have a business license from the
35 city or county. They are also required by law to put their license
36 number on all permits for which they apply.

37 “If you plan to do your own work, with the exception of
38 various trades that you plan to subcontract, you should be aware
39 of the following information for your benefit and protection:

1 “If you employ or otherwise engage any persons other than
2 your immediate family, and the work (including materials and
3 other costs) is \$500 or more for the entire project, and ~~such~~ *the*
4 persons are not licensed as contractors or subcontractors, then
5 you may be an employer.

6 “If you are an employer, you must register with the state and
7 federal government as an employer and you are subject to several
8 obligations including state and federal income tax withholding,
9 federal social security taxes, workers’ compensation insurance,
10 disability insurance costs, and unemployment compensation
11 contributions.

12 “There may be financial risks for you if you do not carry out
13 these obligations, and these risks are especially serious with
14 respect to workers’ compensation insurance.

15 “For more specific information about your obligations under
16 federal law, contact the Internal Revenue Service (and, if you
17 wish, the U.S. Small Business Administration). For more specific
18 information about your obligations under state law, contact the
19 Department of Benefit Payments and the Division of Industrial
20 Accidents.

21 “If the structure is intended for sale, property owners who are
22 not licensed contractors are allowed to perform their work
23 personally or through their own employees, without a licensed
24 contractor or subcontractor, only under limited conditions.

25 “A frequent practice of unlicensed persons professing to be
26 contractors is to secure an ‘owner-builder’ building permit,
27 erroneously implying that the property owner is providing his or
28 her own labor and material personally. Building permits are not
29 required to be signed by property owners unless they are
30 performing their own work personally.

31 “Information about licensed contractors may be obtained by
32 contacting the Contractors’ State License Board’s automated
33 telephone information system at 1-800-321-CSLB (2752) or by
34 accessing their Web site at www.CSLB.ca.gov.

35 “Please complete and return the enclosed owner-builder
36 verification form so that we can confirm that you are aware of
37 these matters. The building permit will not be issued until the
38 verification is returned.

39 Very truly yours,

1 “(Name of permitting agency)”.

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